

Office of the State Auditor  
Financial and Compliance Audit of CollegeInvest  
Fiscal Year 2022

Responses to Prospective Bidder Inquiries:

1. What is the reason for the RFP? Is the current audit firm allowed to bid and how long have they been conducting the audit of the Department?  
As noted in the RFP in Section I, Part P.4. states “The firm selected will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs.” Therefore, the audit goes up for RFP every 5 years.

The current audit firm has performed the audit for Fiscal Years 2012 through 2021. The current auditor performed the audit for the Department for the previous 10 years. Because of the mandatory 10-year rotation, the audit will be awarded to new auditors. See Section I, Part N. for information on the eligibility of firms to propose.

2. Given its inherent advantage in terms of knowledge of the CollegeInvest, how receptive is the CollegeInvest to considering a change in auditor?  
According to Department staff, every five to ten years they are required to change auditors, they are open to new auditors performing the audit.
3. Are there improvements that you would like to see made over the past audits in the overall audit process, timing, communication, other areas?  
According to Department staff, the past ten years they have had the same audit firm with at least one consistent auditor on their job which is preferred to gain an understanding of their business. The last audit firm was detailed and performed their tasks well and they had a consistent dates for interim and final fieldwork.
4. What were the fees paid for the last three audit years (2021, 2020, and 2019, respectively)?  
The contract fee for Fiscal Year 2021 was \$110,850. The contract fee for Fiscal Year 2020 was \$105,850. The contract fee for Fiscal Year 2019 was \$105,850.
5. Were there any additional audit fees billed last year pertaining to services provided outside the scope of the services listed in the RFP, or for non-attest services? If so, can you provide a list of services and additional fees pertaining to those services?  
There were additional audit fees billed that were outside the scope of the services listed in the RFP which were related to additional time spent researching GASB 84 implementation during Fiscal Year 2021. The fee for this was \$3,750 and is included in the total contract fee for Fiscal Year 2021 in the previous question. There were no additional audit fees billed that were outside the scope of the services listed in the RFP.

6. What was the total audit effort by the prior year external auditor for the period ending June 30, 2021 in hours? What were the total hours required to complete the audit and related requested procedures for fiscal year 2021? How many audit team members were used on the engagement and for approximately how many weeks did the audit work span?

The actual number of hours and levels of audit staff for this audit was not provided to us. The hours spent and the time it took to complete the engagement were at the discretion of the auditor in order to complete the requested procedures outlined in the RFP.

According to Department staff, there were usually 2 staff auditors performing the audit work. The auditors spent approximately 2 weeks during preliminary testing (one week on site) and approximately 2-3 weeks during final testing (1.5 weeks on site.)

7. Is CollegeInvest planning any major transactions (e.g., mergers, significant new types of operational activities, software change, etc.) over the next few years that would significantly impact the financial statements?

According to Department staff, there are no planned significant changes to their business. They are looking to migrate their accounting software from Dynamics GP to another product possibly in Fiscal Year 2023.

8. Have there been any changes or departures in key staff, at all levels, in the past three years that would affect the upcoming audit? Are you aware of any upcoming departures of key financial reporting personnel due to retirements, etc. in the next year or two?

According to Department staff, they have not had any turnover in key staff and there is no planned departures at this time.

9. Please describe the primary software systems used by CollegeInvest for general ledger data. Are there any other accounting/information systems outside of CORE that the Organization uses that is significant to your financial operations? And where there any changes to the software during 2022. Is there an anticipated system conversion in the next year?

According to Department staff, CollegeInvest uses Dynamics GP, however they are investigating migrating to a different accounting software sometime in Fiscal Year 2023. They input summary transactions into CORE for state reporting requirements.

10. Is there a process for posting follow-up questions received from other potential bidders?

All RFP questions received are combined together in one document and will be emailed back to each potential bidder who submitted questions. The responses will also be posted on our website with the RFP at <https://leg.colorado.gov/agencies/office-state-auditor/requests-proposals>.

11. For this RFP, who will comprise the selection committee (i.e., Office of the State Auditor personnel, Department personnel, etc.)?

As outlined in the RFP, Section III, Part A, an OSA evaluation team, which is OSA personnel, will judge the merits of all proposals received and will select the bidder whose proposal is most responsive to the State Auditor's needs while being within available resources. As noted in Section I, Part G, the State Auditor reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if, in the opinion of the State Auditor, it is in the best interest of the State to do so.

12. Has the existing CPA firm performed the IT general control testing in the past or contracted that service? If contracted, who performed the service?

In past years, the existing CPA firm performed the IT general control testing for the Department.

13. What is the preferred timing of interim and year-end fieldwork? How long did fieldwork take place on site at the Department/University in the prior year?

Interim fieldwork related to the Single audit and the financial audit can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from Department management, and an entrance conference has been held with the Department/contract auditor/OSA. The firm awarded the contract may contact the Department to determine the best timing for performing fiscal year-end audit work. In general, single audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Internal controls testing may begin at a time subsequent to the entrance conference as agreed upon by the contractor and Department. Remaining fiscal year-end financial work may begin after fiscal year end close, which is approximately the beginning of August. All testing generally needs to be done based on the associated attest due dates as noted in the RFP documents. This timing is normally discussed during the entrance conference.

According to Department staff, their interim is usually in late May or early June for one week. Final fieldwork is usually after Labor Day in September for two weeks.

14. With respect to the availability of audit documentation that may assist in reducing our first-year costs:

- a. Does CollegeInvest have the ability to provide the majority of the requested audit work papers electronically to facilitate off-site audit work to minimize travel costs?

According to Department staff, audit request items are available electronically in most instances.

- b. Does CollegeInvest have documented internal control procedures/memos?

According to Department staff, they have documented internal controls.

- c. Does CollegeInvest have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable)?

This information is part of the audit work papers. Access to prior year work papers will be granted upon award of the contract.

15. How was the audit process changed in fiscal year 2021 as a result of the COVID-19 pandemic? Was the audit conducted partially or entirely remotely? Would such an approach be acceptable for fiscal year 2022 if the pandemic has not yet ended?

According to Department staff, in Fiscal Year 2021, their audit was conducted as a hybrid approach with some remote and some in-person work. Auditors who perform work in-person are required to be vaccinated per their office policy and show proof of vaccination.

16. Have there been any deficiencies in internal control (material weaknesses, significant deficiencies, or control deficiencies) reported in the past two years?

The released financial statements for CollegeInvest for Fiscal Year 2021 and 2020 can be found on our website, see the locations below. There were no deficiencies in internal controls identified in Fiscal Year 2021. During Fiscal Year 2020, there was a management letter. Management letter information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

<https://leg.colorado.gov/audits/collegeinvest-college-savings-program-funds-fiscal-years-ended-june-30-2021-and-2020>

<https://leg.colorado.gov/audits/collegeinvest-college-savings-program-funds-fiscal-years-ended-june-30-2020-and-2019>

17. The *Government Auditing Standards* report on internal control and compliance does not identify any material weaknesses or significant deficiencies in internal control identified during the fiscal year 2021 audit. Were there any internal control deficiencies or other recommendations identified that did not rise to the level of being a significant deficiency?

During the Fiscal Year 2021 audit, there were no deficiencies or recommendations that did not rise to the level of a significant deficiency.

18. Please provide copies of management letters for the past two years.

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

19. Who drafts the financial statements and what is the independent auditor's responsibility for formatting the financial statements as well as printing and binding them?

According to Department staff, CollegeInvest drafts the financial statements for the 529 Plans and the auditors provide the final formatting and binding. They request three bound copies and a PDF version. CollegeInvest does require the auditors attend their November board meeting and present a draft of the financial statements to the Board. They do not prepare financial statements for their Operating Fund. Their Operating Fund is included in the Statewide Financial Statements.

20. When does the Organization plan on having the following financial statements (including MD&A and Footnotes) drafted and ready for the Auditor to perform audit work?

According to Department staff, CollegeInvest typically has the financial statement draft ready near the end of final fieldwork. Some State of Colorado entries can delay our timing. For example, the State of Colorado records GASB 68/75 and unrealized gain or loss adjustments for the Treasury cash accounts.

21. Has College Assist adopted the new GASB lease standard? Are there any other upcoming GASB standards which may significantly impact the Organization?

According to Department staff, CollegeInvest has adopted GASB 87; however the amounts will be presented in their Operating Fund and will not be included in the 529 Savings Plans Financial Statements. CollegeInvest has two main lease agreements: one for the building and one for parking.

22. Have there been any significant changes in the operations of the organization since the 2021 audit that would have a significant impact on the scope of the engagement?

According to Department staff, CollegeInvest converted their Scholars Choice plan manager from Legg Mason to TIAA Nuveen effective July 2021. This will be their first year conducting an audit with their new partner TIAA. However, they don't not expect a significant impact on the scope of their engagement as much of the TIAA portfolio is familiar with their audit requirements.

23. Please provide, if applicable, the required communications letter issued by the external auditor in connection with the audit of the 2021 financial statements.

The required communications letter is included as part of the report for CollegeInvest. The Fiscal Year 2021 report can be found on the OSA website at:

<https://leg.colorado.gov/audits/collegeinvest-college-savings-program-funds-fiscal-years-ended-june-30-2021-and-2020>

24. How many audit adjustments have the auditors proposed in the past 2 years for the financial statements? How many have been booked and how many have been reported as uncorrected audit adjustments? Can you please provide the posted and passed adjusting journal entries, if there were any, for the 2021 audit?

The released financial statements for CollegeInvest for Fiscal Year 2021 and 2020 can be found on our website, see below. As shown in those reports, there were no recorded audit adjustments or proposed audit adjustments not recorded that were required to be reported.

<https://leg.colorado.gov/audits/collegeinvest-college-savings-program-funds-fiscal-years-ended-june-30-2021-and-2020>

<https://leg.colorado.gov/audits/collegeinvest-college-savings-program-funds-fiscal-years-ended-june-30-2020-and-2019>

25. Is there any significant capital projects/improvements expected to be entered into during the year ending June 30, 2022?

According to Department staff, CollegeInvest does not have any significant capital projects or improvements.

26. Does the organization expect to have any significant new grants or other contracts during the year ending June 30, 2022?

According to Department staff, CollegeInvest does not anticipate having any significant new grants. They do have a few new contracts in Fiscal Year 2022 including Cyber Insurance, TIAA plan manager contract, and an amendment to their existing contract with Vanguard and Ascensus.

27. Is CollegeInvest anticipating any significant new federal awards that will result in additional programs that will need to be tested as a major program for the federal compliance audit for the year ending June 30, 2022?

According to Department staff, CollegeInvest does not receive any federal funds or state funds. They are an enterprise fund for the State of Colorado.

28. Does CollegeInvest have an internal audit function? If so, please provide any reports that would have an impact on the financial statement audits.

According to Department staff, CollegeInvest does not have a formal internal audit function.

29. Are there any significant changes in internal controls, reporting structure or operating strategies from 2021?

According to Department staff, CollegeInvest has not made any significant changes to their internal controls.

30. Are there any known or expected internal/external plan changes in 2022 and going forward that we should consider including the following:
- a. Plan management personnel or those charged with governance;  
According to Department staff, their Scholar's Choice plan did switch investment managers in July 2021 from Legg Mason to TIAA Nuveen.
  - b. Service providers (such as trustee, custodian, investment managers, record-keepers, actuaries etc.);  
According to Department staff, the only change has been Scholars Choice changing from Legg Mason (who merged into Franklin Templeton) to TIAA Nuveen in July 2021. There have been no changes in record-keepers.
  - c. Significant plan provisions due to plan amendments or restatements;  
According to Department staff, there are no changes.
  - d. Investments held, policies or practices;  
According to Department staff, there are new investments with the conversion to TIAA.
  - e. Any other significant transactions or events which would impact the plans.  
According to Department staff, there are no changes.
31. Are there going to be any significant changes to CollegeInvest that would significantly change its investment vehicles?  
According to Department staff, there are no planned changes for CollegeInvest's investments.
32. Outside of the audit process, what does CollegeInvest find/define value from its auditors?  
According to Department staff, they typically partner with their auditors, Colorado Office of the State Controller, Colorado Office of the State Auditor, on new GASB pronouncements to ensure correct reporting.
33. Were there any major audit issues identified for 2021? Any anticipated ones for 2022?  
According to Department staff, there were not any audit issues identified in Fiscal Year 2021 and they do not anticipate that any issues will be identified in Fiscal Year 2022.
34. Have there been any disagreements with your auditors on accounting issues in the past two years?  
According to Department staff, they have not had any disagreements with their auditors over the prior years.

35. The RFP states that a final audit report must be delivered to the State Auditor by October 31<sup>st</sup>. However, the last two audits were dated by the Auditor on November 22<sup>nd</sup> and November 30<sup>th</sup> respectively. What caused those audits to be delayed in getting issued? And, what procedures have been put in place to ensure the 2022 auditor will have appropriate time to issue by October 31<sup>st</sup>?  
As stated in the RFP, the final audit report must be delivered to our office by November 1, 2022, for our review, so the auditor must plan to have a report to the OSA for review by October 14, 2022. Delays, including delays due to the number of financial audit reports received by the OSA for review during October, result in report finalization dates subsequent to November 1, but these issues vary each year. After our review is complete the report must then be released by the Legislative Audit Committee (LAC). The dates of the LAC hearings vary each year.
36. Have there been any regulatory or compliance audit performed in the last three years? If so, were there any findings or issues brought to management's attention?  
According to Department staff, CollegeInvest has not had any regulatory or compliance audits.
37. What impact has COVID had on the Organization?  
According to Department staff, the main impact that COVID has had on their organization is a hybrid work from home or from the office format for all employees.
38. Does the organization use any third-party service providers for processing of activity (e.g. payroll, claims, IBNR)? If so, what Third Party Services provided were utilized by CollegeInvest in 2022, if any?  
According to Department staff, CollegeInvest utilizes ADP to process payroll.
39. Were there any major IT changes, system failures/issues/etc. noted during 2022?  
According to Department staff, CollegeInvest had no major IT changes or issues in Fiscal Year 2022.
40. Have there been any instances of fraud or cyber-attack incidents reported in the last year?  
According to Department staff, CollegeInvest has not had any instances of fraud or cyber-attacks within the last year.
41. Have there been any known instances of fraud or illegal acts in the last three years?  
According to Department staff, there is no known fraud or illegal acts within the last three years.
42. Is there a single or multiple custodians for each of the plan types?

According to Department staff, the following is a list of the 529 Plans and their respective plan manager:

Scholar's Choice – TIAA Nuveen, omnibus partners include Merrill Lynch, Morgan Stanley, Ameriprise and Edward Jones

Direct Portfolio – Vanguard

Stable Value Plus – Nationwide (accounting is done in house by CollegeInvest for this program)

Smart Choice - FirstBank

43. Where there any changes in custodians during the year 2021?

According to Department staff, Scholars Choice changed from Legg Mason (who merged into Franklin Templeton) to TIAA Nuveen in July 2021.

44. Does CollegeInvest hold any Level 2 or 3 investments in 2022?

According to Department staff, CollegeInvest does not have any investments that are classified as Level 2 or 3.